

Message Text

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S.E.C.:ASTEFFAN (INFO)

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TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

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TAGS: XM, EFIN

SUBJECT: CAPITAL MARKETS SEMINAR

1. ON MAY 16-17 THE DEPARTMENT OF STATE AND THE OAS HOSTED A SEMINAR TO EXAMINE THE U.S. (AND OTHER INTERNATIONAL) CAPITAL MARKETS AS A SOURCE OF FINANCING FOR LATIN AMERICAN ISSUERS. REPRESENTATIVES OF 17 LATIN AMERICAN COUNTRIES ATTENDED THE MEETINGS AT WHICH PANELS OF SECURITIES AND EXCHANGE COMMISSION (S.E.C.) MEMBERS, INSTITUTIONAL INVESTORS, LAWYERS, AND BANKERS EXPLAINED THE REGULATIONS FOR, AND THE FEASIBILITY OF, ENTERING THE U.S. CAPITAL MARKET.

2. THE S.E.C. GAVE ITS REQUIREMENTS IN TERMS OF DATA,
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ACCOUNTING PROCEDURES, AND OTHER ECONOMIC FACTS THAT MUST

BE PRESENTED TO MAKE A FULL AND FAIR DISCLOSURE PRIOR TO A PUBLIC ISSUE UNDER S.E.C. REGULATIONS. THE S.E.C. EMPHASIZED THE LONG LEAD TIME NEEDED TO DEVELOP THE DATA AND OTHER CAPABILITIES TO MEET THESE REQUIREMENTS. THIS LONGER TERM PUBLIC ISSUE PROCESS IS IN CONTRAST TO BORROWING FROM BANKS OR MAKING LIMITED PRIVATE PLACEMENTS WHICH ARE QUICKER AND DO NOT REQUIRE S.E.C. CERTIFICATION.

3. THE COMMERCIAL BANKERS, INVESTMENT BANKERS, LEGAL SPECIALISTS AND INSURANCE COMPANIES (INSTITUTIONAL INVESTORS) DISCUSSED THEIR INDIVIDUAL ROLES. THE

COMMERCIAL BANKS EMPHASIZED THE RELATIVE EASE OF BORROWING AND THE LARGE NUMBER OF LATIN AMERICAN COUNTRIES WHO USE THIS SOURCE. INVESTMENT BANKERS AND LEGAL EXPERTS DISCUSSED THE PRACTICAL ASPECTS OF MARKET ENTRY, PRESENTING MARKET ACCESS AS A SERIES OF STEPS BEGINNING WITH BORROWING THROUGH INTERMEDIARIES SUCH AS BANKS, ARRANGING PRIVATE PLACEMENTS WITH INSTITUTIONAL INVESTORS IN THE U.S. THROUGH INVESTMENT BANKERS AND FINALLY USING THE PUBLIC ISSUES END OF THE MARKET AFTER HAVING DEVELOPED A BASICALLY GOOD RECORD OF REPAYMENT AND GENERAL CREDIT AND EVIDENCE OF POLITICAL STABILITY AND ECONOMIC GROWTH. SO FAR ONLY A RELATIVELY FEW BETTER-KNOWN LATIN AMERICAN COUNTRIES HAVE UTILIZED THIS METHOD. HOWEVER, IT IS NOT CLOSED TO OTHER COUNTRIES THAT CAN PROVIDE THE DATA FOR THE S.E.C. AND SHOW A POLITICAL AND ECONOMIC RECORD ATTRACTIVE TO PROSPECTIVE INVESTORS. THE INSURANCE COMPANY REPRESENTATIVE REPORTED THAT INSTITUTIONAL INVESTORS ARE BEGINNING TO SHOW MORE INTEREST IN FOREIGN ISSUES, AND SOLID, WELL-DOCUMENTED DEBT INSTRUMENTS FROM COUNTRIES WITH GOOD FINANCIAL RECORDS WILL BE CAREFULLY CONSIDERED.

4. THE INVESTMENT BANKERS AND LAWYERS OUTLINED THE CURRENT STATE OF THE U.S. PUBLIC BOND MARKET AS BEING NOT VERY CONDUCIVE TO ENTRY OF NEW BORROWERS. THE MARKET IS ADVERSELY AFFECTED BY THE HIGH INTEREST RATES AND OTHER EFFECTS OF INFLATION. BUT OVER THE LONGER UNCLASSIFIED

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RUN, THE COUNTRIES MEETING THE CRITERIA OUTLINED IN PARAGRAPHS 2 AND 3 AND WHO ARE WILLING TO MAKE THE LONG-RUN EFFORT SHOULD DO SO AND NOT BE DISCOURAGED BY THE CURRENT SITUATION OR PAST HISTORY.

5. THE ATTACHED LIST GIVES THE NAMES OF THOSE LATIN AMERICANS ATTENDING. FOR EMBASSIES IN THOSE COUNTRIES WHICH SENT OFFICIALS, IT WOULD BE HELPFUL FOR OUR EFFORT

TO ARRANGE FURTHER CONTACTS AND MEETINGS IF AN EMBASSY OFFICER COULD DISCUSS THE CAPITAL MARKET SEMINAR WITH THE ATTENDING OFFICIALS, SOLICIT THEIR IDEAS AS TO WHAT FURTHER ACTIONS SHOULD BE UNDERTAKEN, AND REPORT TO ARA/ECP THEIR REACTIONS AND SUGGESTIONS.

6. AN OAS REPORT OF THE MEETING, NOW BEING PREPARED, WILL FOLLOW.

ATTACHMENT ON P. 3: LIST OF LATIN AMERICAN PARTICIPANTS TO CAPITAL MARKETS SEMINAR.

LIST OF LATIN AMERICAN PARTICIPANTS FROM ABROAD TO CAPITAL MARKETS SEMINAR, WASHINGTON, MAY 16-17:

BOLIVIA: MARCELO ZALLES B., ASESOR GENERAL DEL MINISTERIO DE FINANZAS

COLOMBIA: CRISTIAN MOSQUERA, DIRECTOR GENERAL DE CREDITO PUBLICO

GUATEMALA: CARLOS H. ALPIREZ PEREZ, DIRECTOR DEL DEPARTAMENTO DE INVERSIONES AGROPECUARIAS E INDUSTRIALES/MARCO ANTONIO APARICIO RENDON, SUB-DIRECTOR DEPARTAMENTO FINANCIERO, BANCO DE GUATEMALA

JAMAICA: RUPERT E. STRAW, ASSISTANT DIRECTOR OPERATIONS, CENTRAL BANK OF JAMAICA/AUDLEY O. SAILSMAN, PRINCIPAL ASSISTANT SECRETARY, MINISTRY OF FINANCE

MEXICO: VLADIMIR LEON PEREZ, SUBDIRECTOR AUXILIAR PARA DEUDA PUBLICA DE SECRETARIA DE HACIENDA Y CREDITO PUBLICO, DIRECCION GENERAL DE CREDITO/WENCESLAO SALAS
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DE LA ROSA, AYUDANTE GERENCIA ORGANISMOS INTERNACIONALES, BANCO DE MEXICO/JAVIER PEREZ PIJOAN, SUBGERENTE TRANSACCIONES INTERNACIONALES, NACIONAL FINANCIERA

NICARAGUA: DOMINGO PALADINO LOPEZ, JEFE DEPARTAMENTO DE ESTUDIOS ECONOMICOS Y TRIBUTARIOS DEL MINISTERIO DE HACIENDA Y CREDITO PUBLICO/HOLMAN RIOS MONTIEL, OFICIAL MAYOR, ESTUDIOS ECONOMICOS, MINISTERIO DE HACIENDA

PANAMA: FERNANDO DE J. ALBA, ASESOR ECONOMICO, MINISTERIO DE HACIENDA Y TESORO

PERU: ULISES MONTOYA A., DIRECTOR TECNICO DE LA

DIRECCION GENERAL DE CREDITO PUBLICO, MINISTERIO DE
ECONOMIA Y FINANZAS

TRINIDAD AND TOBAGO: NELLO RAPHAEL, SENIOR ECONOMIST,
MINISTRY OF FINANCE

VENEZUELA: OLGA FERRER CONTRERAS, DIRECTOR DE ANALISIS
FINANCIERO Y CONTABLE, COMISION NACIONAL DE VALORES

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